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PRODUCER: CIA

IRAN-IRAQ SITUATION REPORT, 8 MARCH 1984
IRAQI COUNTERATTACK AGAINST MANJOON ISLANDS

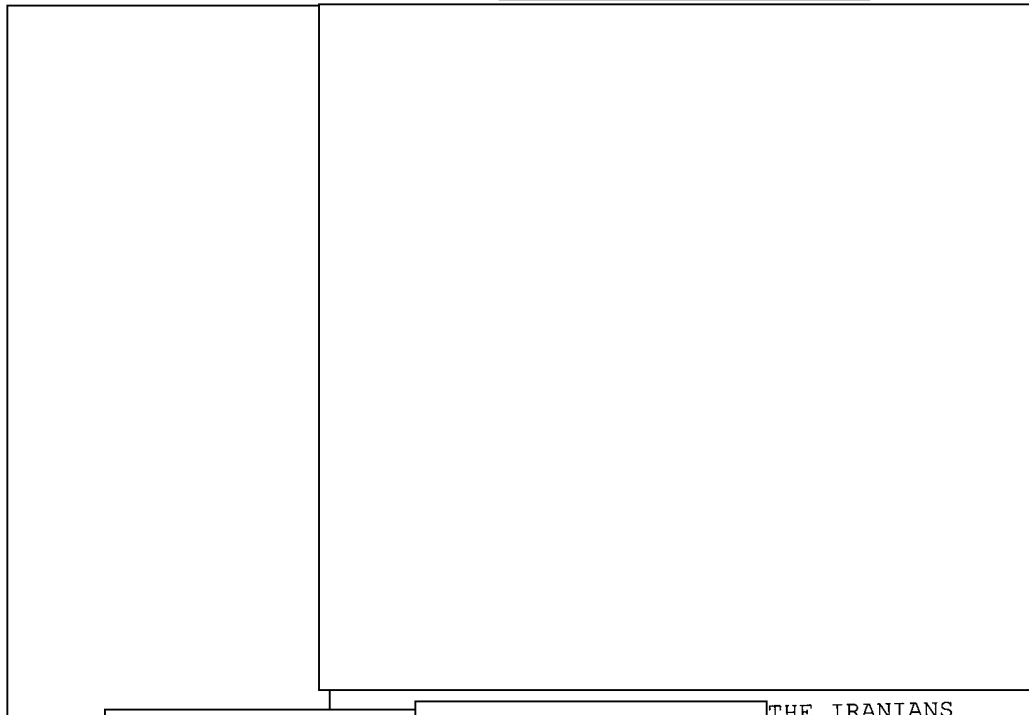
THE IRAQI DEFENSE MINISTER ANNOUNCED THIS MORNING THAT IRAQI FORCES HAD LAUNCHED A MAJOR OFFENSIVE TO RECAPTURE THE TWO MANJOON ISLANDS, IN THE SOUTHERN MARSH AREAS, WHICH THE IRANIANS TOOK LAST WEEK. IRANIAN PRESS REPORTS CLAIM THE ATTACK BY IRAQI INFILTRATORS WAS REPULSED AND THE ENEMY SUFFERED HEAVY LOSSES. [REDACTED]

THE IRAQIS PROBABLY HOPE TO DRIVE THE ENEMY FROM THE ISLANDS BEFORE THE IRANIANS HAVE COMPLETED BUILDING THEIR PONTOON BRIDGE. THIS BRIDGE WILL LINK THE MORE NORTHERN OF THE TWO ISLANDS WITH IRANIAN FORCES ON THE EASTERN EDGE OF THE MARSHES IN IRAN AND PROVIDE THEM WITH A FORWARD BASE TO ATTACK IRAQI POSITIONS TO THE SOUTH OR THREATEN THE BAGHDAD TO AL BASRAH ROAD TO THE WEST. [REDACTED]

3. THE IRAQIS WILL FIND IT DIFFICULT TO DRIVE THE IRANIANS OFF THE MORE NORTHERN OF THE TWO ISLANDS. THE IRANIAN INFANTRY PROBABLY IS WELL DUG AND TROOPS ARMED WITH RPG-7 ANTITANK ROCKETS AND ANTITANK MINES ARE LIKELY TO TAKE A HEAVY TOLL ON THE ADVANCING IRAQI TANKS. AN ATTACK OVER THE LONG NARROW CAUSEWAY BETWEEN THE SOUTHERN AND NORTHERN ISLANDS COULD EASILY BECOME STALLED IF THE LEAD ELEMENTS ARE KNOCKED OUT AND BLOCK FOLLOWING UNITS FROM ADVANCING. TO REDUCE LOSSES, THE IRAQIS WILL HAVE TO CONCENTRATE PREPARATORY AIR AND ARTILLERY FIREPOWER ON THE IRANIAN POSITIONS IN THE HOPE THAT THIS, ALONG WITH CHEMICAL WEAPONS, WILL WEAKEN THE IRANIAN INFANTRY. THEY ALSO MIGHT TRY TO USE A HELIBORNE COMMANDO FORCE TO SEIZE THE ISLANDS IN A NIGHT ATTACK. IRAQI COMMANDERS MAY BE INCREASINGLY RELUCTANT TO PUT ANY AIRCRAFT IN THE AREA, HOWEVER, BECAUSE THE ISLANDS ARE WITHIN RANGE OF IRANIAN HAWK MISSILE SITES. [REDACTED]

4. MEANWHILE, THE IRAQIS ARE CONTINUING TO STRENGTHEN THEIR DEFENSES IN THE SOUTH IN ANTICIPATION OF THE MAJOR IRANIAN OFFENSIVE AGAINST AL BASRAH. [REDACTED]

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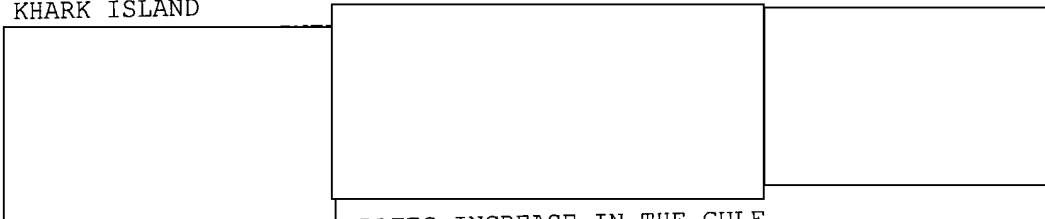
[REDACTED] THE IRANIANS
ARE APPARENTLY DELIBERATELY SHELLING CIVILIAN AREAS OF THE
CITY IN RETALIATION FOR IRAQI ATTACKS ON IRANIAN CITIES.
ALTHOUGH CIVILIAN LOSSES FROM SHRAPNEL WOUNDS HAVE BEEN HIGH
AND SOME FOOD SUPPLIES ARE LIMITED, CIVILIAN MORALE WAS GOOD
AND THE PEOPLE SEEMED GENUINELY HAPPY WITH RECENT IRAQI
MILITARY SUCCESSES.



IRAQI ACTIVITIES FALL SHORT OF A FULL MOBILIZATION, BUT
AUTHORITIES ARE MAKING EXTRA EFFORTS TO LOCATE DRAFT DODGERS
AND TIGHTEN DRAFT EXEMPTIONS.

IRAQI REACTION TO US CONDEMNATION OF CHEMICAL WARFARE
8. BAGHDAD REACTED STRONGLY TO US CONDEMNATION OF IRAQ'S
USE OF CHEMICAL WEAPONS AGAINST IRAN. AN IRAQI SPOKESMAN
DENOUNCED THE US STATEMENT AS FALLACIOUS AND HYPOCRITICAL.
ALTHOUGH ANGERED BY WASHINGTON'S CRITICISM, BAGHDAD ALMOST
CERTAINLY WILL CONTINUE TO USE CHEMICAL AGENTS.

KHARK ISLAND



CHARTER AND INSURANCE RATES INCREASE IN THE GULF

10. IRAQ'S ANNOUNCEMENT OF ATTACKS ON TANKERS NEAR KHARK
ISLAND AND A MORE RECENT ATTACK ON MERCHANT SHIPPING NEAR
BANDAR-E KHOMEINI HAVE LED TO INCREASES IN BOTH CHARTER RATES
FOR TANKERS LOADING IN THE GULF AND WAR RISK INSURANCE
PREMIUMS FOR OIL TANKERS AND CARGOES COMING OUT OF KHARK. THE
EFFECT OF THESE INCREASES ON THE PRICE COMPETITIVENESS OF GULF



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CRUDES AND EXPORT ACTIVITY AT KHARK WILL BE SLIGHT. THEY WILL
ADD \$.60 AT MOST TO THE DELIVERY COST OF A BARREL OF IRANIAN
CRUDE. [REDACTED]

11. CHARTER RATES FOR SHIPMENTS FROM KHARK TO WESTERN
EUROPE HAVE RISEN SINCE 29 FEBRUARY BY 65 PERCENT FROM A
DEPRESSED \$.66 PER BARREL TO \$1.09 PER BARREL, ACCORDING TO
THE INTERNATIONAL SHIPPING PRESS. RATES OUT OF ARAB PORTS ON
THE GULF ALSO HAVE RISEN, BUT ONLY BY 32 PERCENT. [REDACTED]

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